

ASX: BFL | PNGX: BSP

21 February 2024

FULL YEAR RESULTS - 31 December 2023

BSP Financial Group Limited (BSP) reported a net profit after tax result of K890m [A\$374m] for the full year of 2023, an 18% decrease compared to FY22.

The Groups 2023 NPAT result was largely impacted by the PNG commercial bank corporate tax rate increasing from 30% to 45%. The tax increase was effective 1 January 2023, resulting in a financial impact of K209m [A\$88m]. BSP's operating profit increased by 7.6%, excluding Additional Company Tax, to K1.74b [A\$729m] in FY23, indicative of our underlying strength.

Key FY23 financial highlights included:

- BSP's net operating income increased by 8.4% to K2.8b [A\$1.2b] in FY23.
- Net interest income grew by K100m [5.7%] and represents 65% [K1.8b, A\$774m] of FY23 income.
- Fee & commission income grew by 2.1% from FY22, and represents 15% [K428m, A\$179m] of FY23 total income. Growth was largely driven by higher usage of our electronic and digital channels.
- FX income of K458m [A\$192m] was 26.3% [K95m, A\$40m] increase from last year due to higher volumes. FX income represented 16% of FY23 income.
- Total expenses increased by 9.9% from FY22 to K1.09b [A\$456m], with the development of a new modernisation strategy and ongoing technology, channels and inflation related costs contributing to this increase. The FY23 cost to income ratio was 38.5%, up 50bps from FY22 driven by increased technology costs, inflation and modernisation expenses.
- The Group's total assets grew by 9.5% to K37.0b [A\$14.5b] over the prior year.
- Impairment expense increased by K188m [A\$79m] from FY22, due to higher impairment on personal loans and noting that the prior year had a release of provisions, due to post COVID-19 improvement in credit quality.

- The Group's capital base remains strong, well above the minimum Bank of Papua New Guinea prudential requirement of 12.0%. Total capital adequacy as at December 2023 stood at 24.4%, slightly below December 2022 levels.

The Board also announced a final dividend payment of K1.06 per ordinary share, payable on 22 March 2024. For ASX shareholders eligible to receive BFL dividends in AUD, the applicable exchange rate on the record date will be used.

The final dividend of K1.06 per share represents 55% of FY23 profits. Including the interim dividend of K0.37 paid in October 2023, **the total FY23 dividend will be K1.43 per share, which represents a 75% payout ratio**, which is consistent with prior years.

Timing of the dividend payment is as follows:

- Ex-date: Tuesday 27 February 2024
- Record date: Wednesday 28 February 2024
- Payment date: Friday 22 March 2024

BSP Chairman, Robert Bradshaw, mentioned that the lower total dividend payout of K1.43 per share, is reflective of the tax impacts to NPAT noting that BSP has maintained a strong operating performance.

In closing, Mr. Bradshaw expressed his appreciation to staff and management for the 2023 results, including the resilience and determined effort they demonstrated to implement the new core banking system in Papua New Guinea, which required addressing a range of technical issues.

Robert G. Bradshaw
Group Chairman | BSP Financial Group Limited

This announcement was authorised for release by the Board of BSP Financial Group Limited.

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